

City of Corunna
Regular Council Meeting
Monday, May 21, 2001

Present: Billis, Bayless, Dumond, Hornus, Mehigh, Ockerman, Runyan.

Absent: None.

Guests: Joe Sawyer, City Manager; Bus Spaniola; Bill Striggow; Don Runyon; Cathy Cramner; Chuck & Mary Spring; Judy Horton; Anna Annese; Don Olmsted; Dick Sanderson; Janet Washburn, Parks & Recreation Director; Pat Yott; Bill Yocum; Sam Burwell; Millie Taute; Jackie Leone, The Argus Press; Steve Corey; Larry LeCureux; Clark Long; Gene Sanderson; Joann Miller; Keith & Diane Johnson; Sgt. Kevin Clark, Police Department; Avery Weaver; Sheila Volek; Annabel Butcher; Anna Marie Dennis; Tara Jenkins, The Independent; Sue Huff, Librarian; Lillian Olmsted; State Senator Valde Garcia; Maxine Spencer; Douglas Albrant; Arnold Warner; Bob Morehouse; Mickie Bryant; Millie Taute; Tom Gray, Michigan Department of Transportation; and other concerned citizens.

The meeting was called to order in the City Council Chambers by Mayor Billis at 7:00 p.m.

MINUTES OF THE PREVIOUS REGULAR MEETING: Hornus moved, Dumond seconded to approve the minutes of the previous regular meeting.

Roll call vote:

Yes: Ockerman, Dumond, Hornus, Runyan, Bayless, Mehigh.

No: None.

Motion CARRIED

MINUTES OF THE SPECIAL MEETING: Dumond moved, Hornus seconded to approve the minutes of the special meeting.

Roll call vote:

Yes: Bayless, Runyan, Mehigh, Ockerman, Dumond, Hornus.

No: None.

Motion CARRIED

AGENDA APPROVAL: Hornus moved, Bayless seconded to approve the agenda as presented with the addition of Item No. 12) Parks and Recreation Director.

Roll call vote:

Yes: Runyan, Ockerman, Bayless, Hornus, Mehigh, Dumond.

No: None.

Motion CARRIED

APPROVAL OF VENDOR DISBURSEMENTS: Hornus moved, Dumond seconded to approve the vendor disbursements as presented.

Roll call vote:

Yes: Hornus, Mehigh, Dumond, Bayless, Ockerman, Runyan.

No: None.

Motion CARRIED

CALL TO AUDIENCE: Keith Johnson stated it was his understanding the library budget might be cut. He further stated he has been associated with the library for a long time, and other than city hall, the library is the most important building in town. Mr. Johnson asked the city council to review the library budget again. Mr. Johnson advised he worked at the Heritage Park on Sunday morning, and it is lacking attention. The boards need painting and there are holes in the lawn area that need to be filled in. He further advised the city is not paying attention to what the city has, and he thinks the city should go back to the basics before the city goes on to other things. Mayor Billis thanked Mr. Johnson for spending part of his weekend in the park.

Maxine Spencer advised she was a member of the Friends of the Library, and she was very concerned about the budget cut to the library because the Friends of the Library work hard all year long to help increase the building fund so the library can get a bigger building. She stated a lot of people make use of the library, and there are many people who cannot afford to buy new books or have a place to put them. She further stated she would not like this cut to happen because the library is very important to her. Mayor Billis advised he knew there were a lot of people present regarding the library budget cut. He further advised in fairness to the council and the city, the council was left with a proposed budget that will not satisfy all of the city's needs. Mayor Billis commended the city council and city manager for realistically looking at areas that could be cut. He stated the library was not the only commission that had been cut. He further stated he was not personally comfortable with cutting the library's budget as deeply as the city council did, and felt the city council should give \$5,000 back to the library. He also stated the library has done a wonderful job with getting grants, but it should not be penalized. Mayor Billis advised he was looking at how Caledonia Township would take the situation because the relationship with Caledonia Township was very important to him. He further advised he would defend the city council and their decision, but he felt the budget cut was too much.

Douglas Albrant stated he read an article in the Independent about the City of Corunna property taxes. It was his understanding that the tax rate was only going to go up a certain percentage when Proposal A was passed. He further stated property was not supposed to be reassessed until the property was sold, but now the city council is considering reappraising the whole city, which usually adds a significant amount of new tax base. He also stated according to the newspaper article, there would be people coming into a person's house to check if the person put in new cupboards in order to raise the person's property taxes. Mr. Albrant advised, as he grows older, he has become more and more suspicious of his government. Mayor Billis stated he was also suspicious of the government until he was elected and now people are suspicious of him. He further stated he was not sure the newspaper article was correct. The state is forcing Caledonia Township to do an assessment. He also stated Corunna does need an assessment re-evaluation, but the city's re-evaluation will not be as intrusive as Mr. Albrant stated. The city will do a drive-by re-evaluation and no one would come into a person's home. Mayor Billis advised the city's assessed values on property are not accurate and they have not been kept up-to-date. The people have not paid their taxes, and Corunna has suffered because of this. He further advised the city has a 20 million dollar problem with its infrastructure, and the state wants to put a growth moratorium on Corunna because of the city's infrastructure problem. He also advised the assessed values currently assessed in Corunna are under value, and they have not been kept up-to-date. Mayor Billis stated who to blame was not important right now.

The city is restoring the system to work the way it is supposed to work. He further stated he has been taxed enough and does not want to spend another dollar in taxes. If other cities have their valuations set at 50 percent of the property value and Corunna's valuation is set at 10, 20 or 30 percent then the city is losing money. He also stated the re-assessment would not affect a person until the property is sold then the new valuation kicks in. Steve Corey advised he felt there were some inaccuracies on what the mayor stated. Mr. Corey further advised he did not think the entire City of Corunna is under valued as the article stated. There are some properties that are over valued.

Don Olmsted stated he read an article in the Independent that was inaccurate. When city hall was built, the people of Corunna did not vote it down and then a building authority was formed. He further stated the city had a building that was in very bad shape, and there were concerns that the building would fall in on the fire engines. He also stated forming a building authority was the quickest solution to get the job done. If the proposal had gone to the people, the people would have voted to build the city hall.

Mayor Billis asked Joe Sawyer if he had anything to add regarding the reassessment. Mr. Sawyer explained the reassessment does not affect anybody's taxable value unless a major improvement was made to the property that was not reported. The state has a two-tier system where there is a state equalized value, which theoretically is one-half of the market value of a home, and the taxable value, which is what property taxes are based on. He further explained the city will do a drive-by re-assessment by taking pictures of houses that the city does not have a picture of in order to update the assessment cards. The assessor also has to look at the surrounding properties in a neighborhood, and if the state equalized values were deflated then the state equalized value would go down on the house that was just purchased. He also explained the only time the city will get 50 percent of the market value is when there is new construction.

State Senator Valde Garcia introduced himself and offered his services to the city council and anyone in the City of Corunna. He stated he has a member of his staff who lives in Shiawassee County. He further stated the state has the same problem the city has with its budget and advised the state's budget shortfall between this year and next year would be in the neighborhood of one billion dollars. He also stated the state senate is faced with the situation pertaining to State Senator David Jaye and advised there might be a vote pertaining to Senator Jaye this week. Senator Garcia further advised the straw that broke the camel's back regarding Senator Jaye was the assault incident in Florida, which no longer exists because the prosecutor does not have a case or witnesses. He also advised Senator Jaye has three drunk driving convictions, and there are other instances that Senator Garcia was not sure rose to the level of expulsion. Senator Garcia stated the committee would probably vote to expel Senator Jaye. Senator Garcia further stated he was personally wrestling with the situation because he was not sure that Senator Jaye was fit to be a senator, but Senator Jaye's constituents elected him to be there. Councilperson Ockerman thanked Senator Garcia for coming to the council meeting during a non-election season. Steve Corey stated he was not a real fan of David Jaye, but he thought the state senate was out of line by starting some sort of investigation because Mr. Jaye had something going on in Florida that was not on trial yet. Mr. Corey further stated he does not know why the state senate thinks they have the right to start censoring everybody and felt the state senate was on a dangerous mission. Senator Garcia stated he understood where Mr. Corey was coming from, but the

senate has the authority to determine who it seats. Senator Garcia further stated Senator Jaye has had a series of misconducts and run-ins with the law that caused this situation to come about. The incident in Bay County has witnesses who have stated Senator Jaye did strike his fiancée, and it is difficult for the people who write the laws to have someone in the ranks who is a woman beater and that makes the situation difficult to justify. Don Runyon stated the people who elected Senator Jaye should take him out. Senator Garcia stated the state senate also has an obligation. Mr. Runyon stated Senator Jaye would not get re-elected if his constituents do not want him. Senator Garcia advised that was true.

Avery Weaver stated he was recently appointed to the county commission. He further stated the city is fortunate to have Mr. Sawyer as its new city manager, and he is finding out that it is hard to fill Mr. Sawyer's shoes on a county level. Mr. Weaver also stated as of this date he is officially running for the county commissioner position. Mr. Weaver advised council and the audience to call him if they needed help on a county level. He further advised he was also in support of the library, and the city has a group of people running the library that are very dedicated and committed to running a quality program. He also advised the whole county does not realize what a first-class library really is, and it is not because there are no people who are interested in running a first-class library. We, as people, have not funded our libraries to where the people running the library can run it in a first-class way. Mr. Weaver stated Corunna's library is struggling for space and yet, in spite of all the obstacles, the library still puts on a strong program for the community.

Arnold Warner stated he has coached youth baseball for the last three years. He further stated he has three basic principles that he tries to help the kids with; he teaches them something every time the kids go out on the field, he keeps them safe, and he wants the kids to have fun. He also stated the equipment he received last week was awful and was unsafe for the kids to use. Mayor Billis advised the city council received a letter from Luke Kurrle and Mr. Kurrle is looking into the situation. Mayor Billis further advised if there is a deficiency in the equipment, council would look at the situation and do what the council can to help out. Councilperson Ockerman stated it was his understanding that the flood in the park damaged some of the equipment. Mr. Warner stated children's safety is important to him. Mayor Billis stated this was the first time council was made aware that there were problems with the equipment.

7:15 P.M. PUBLIC HEARING TO CONSIDER CHARTER AMENDMENTS: Dumond moved, Hornus seconded to leave the regular session and go into a public hearing to consider charter amendments.

Roll call vote:

Yes: Mehig, Bayless, Runyan, Dumond, Hornus, Ockerman.

No: None.

Motion CARRIED Time was 7:39 p.m.

Sam Burwell, 302 W. Mack Street, stated he had a chance to look over the charter amendments during the last week and compared the amendments with the original charter. He further stated he wanted to commend and thank the commission for the job they did and hoped the city council would accept the amendments as presented. The commission did a wonderful job. Councilperson Runyan asked if there was anything the commission felt uncomfortable with and might want to review again. Steve Corey advised there were some

things originally submitted to the attorney general's office that were rejected, but some of those things needed to have the language changed. He further advised he was comfortable with what the commission has done. Bus Spaniola advised he was also comfortable with the amendments. Some of the things the commission wanted to change were rejected because of a change in state statute and legislation. Councilperson Ockerman asked Mr. Spaniola if the council had to accept the amendments one at a time or as a whole. Mr. Spaniola advised he was unsure on how to answer that question. Council could accept the amendments individually or as a whole. Councilperson Ockerman asked if anyone had informed the commission about how to accept the amendments. Mr. Spaniola advised no. Mayor Billis stated the document presented to council, which includes changes one through change 18 would be the document that council would approve as far as the motion unless there were any objections. He suggested making a motion to adopt charter amendments one through 18. He further stated the commission had many meetings that got pretty technical, but this group of people worked through their differences in a professional manner. He commended the commission for spending three years reviewing the charter. Councilperson Hornus advised he read through the charter amendments twice, and a lot of the amendments corrected typos and clarified language. Councilperson Bayless stated a question came up at one of the council meetings about who could sign for what and at what level. He asked if the situation was addressed in the charter amendments. Mr. Corey asked what type of documents would be signed. Councilperson Bayless advised contracts, agreements, etc. Council had a discussion a few weeks ago about who could sign documents, and he thought the issue was taken to the charter commission. Mr. Sawyer advised the issue Councilperson Bayless was referring to was a codebook issue and not a charter issue. Mr. Sawyer further advised he reported the issue as a charter issue but he was incorrect. Hornus moved, Ockerman seconded to leave the public hearing and return to the regular session.

Roll call vote:

Yes: Dumond, Hornus, Ockerman, Mehig, Runyan, Bayless.

No: None.

Motion CARRIED Time was 7:45 p.m.

Dumond moved, Hornus seconded to accept charter amendments 1-18 as presented by the charter commission.

Roll call vote:

Yes: Dumond, Hornus, Ockerman, Mehig, Runyan, Bayless.

No: None.

Motion CARRIED

7:30 P.M. PUBLIC HEARING AND ADOPTION OF 2001/2002 ANNUAL BUDGET: Dumond

moved, Hornus seconded to leave the regular session and go into a public hearing to consider adoption of 2001/2002 annual budget.

Roll call vote:

Yes: Bayless, Runyan, Mehig, Ockerman, Dumond, Hornus.

No: None.

Motion CARRIED Time was 7:45 p.m.

Don Runyon stated the city council set aside \$2,000 for the fire truck fund, but now, the amount put into the fire truck fund is \$1,000, and he does not understand why. Mr. Sawyer advised the amount in the fire truck fund has always been \$1,000. Mr. Runyon stated three

weeks ago the fund had \$2,000 in it. Mr. Sawyer stated the fund is an independent fund that earns interest that contains money leftover after the fire truck purchase. Councilperson Ockerman stated council went through several funds. Mr. Runyon advised council set aside \$2,000 for a fire truck and there was supposed to be a special fund set up for it. Now, the fund only has \$1,000 in it. Councilperson Ockerman stated this was not the same fund Mr. Runyon was talking about. Sam Burwell stated the city has two different street funds, and he found today that when money is allocated for major streets only a percentage could be reallocated to local streets. He asked if the numbers in the budget reflect any reallocation of Act 51 monies to the local street fund or would that occur later. Mr. Sawyer advised the budget includes the reallocation of Act 51 monies. Mr. Burwell asked if the full 25 percent was being diverted into the funds. Mr. Sawyer advised yes. Dumond moved, Mehigh seconded to leave the public hearing and return to regular session.

Roll call vote:

Yes: Runyan, Ockerman, Bayless, Hornus, Mehigh, Dumond.

No: None.

Motion CARRIED Time was 7:50 p.m.

Mayor Billis stated he was not absolutely convinced that he wanted to cut the library as strongly as the library had been cut, and he would hope that council would give the library back \$4,700. Councilperson Ockerman asked if someone on the council would like to make that motion. Mayor Billis stated if council wanted to adopt the budget without considering his request then that is their choice. He further stated the action he would take would depend on what council does. Councilperson Hornus asked if the money could be pulled from some other fund. Councilperson Ockerman stated the library monies come from different entities of government such as Caledonia Township and the City of Corunna. He further stated how the library money is spent is determined by the library and not by the city council. The city council cannot tell the library how to spend their money, how many hours the library has to be open, how much to pay their workers, or how many books can be bought. He further stated the city council just gives the library money. Currently, the library's fund balance budget is set at about 40 percent. He also stated for anyone who has been in government that is a lot of money and most people would call it excessive. Councilperson Ockerman advised the library originally asked for a \$5,000 increase, and it was recommended that the amount remain the same. He further advised since the council was looking at money from a lot of different places council decided that was one area that certainly could afford the cut. Over the last several years, the library has increased its hours, increased wages, and purchased new books, but no one on the city council is opposed to the library. He also advised the library was not the only department who has suffered. Council took \$20,000 from the fire budget, and it was the only budget that was reduced, but the library has seen an increase for the past three and one-half years he has been on the council. Councilperson Ockerman explained the city's general fund budget has increased from \$1,000,000 to \$1,700,000 in six years, which is about an 11 or 12 percent increase per year. He further explained this year's budget increased three point four (3.4) percent, and he felt the city council has been extremely fair. Mayor Billis asked Mr. Sawyer if there was a fund to move the money from. Mr. Sawyer advised the monies could be moved from department 101 to department 750. Ockerman moved, Mehigh seconded to adopt the budget as presented in the amount of \$1,680,957. Councilperson Dumond stated council took money from every single department down the line in order to squeeze out every penny council could find. Councilperson Runyan stated no one on the city council is against the library.

He further stated he struggled with his decision because he believes in education, but to help ease his mind, he asked the library if they could operate for one year without the \$5,000 increase, and the answer he received was yes. He further stated he was told the library could pull money from its reserves if it had to so he had to agree to leave the budget the way it is. Councilperson Hornus stated he was not against the library. Councilperson Bayless stated he wanted to concur with the general discussion that took place. The budget was cut everywhere, and council looked at everything very hard. He further stated council was trying to be fair to everyone and he felt council did that. Mayor Billis stated everybody had been heard from and everybody pretty much stated they were in agreement; therefore, council would not see a veto from him. Mr. Sawyer stated he knew there is a motion on the table to approve the budget but requested to have the motion withdrawn in order to have the public hearing that sets the millage rate because the resolution adopts both the budget and the millage rate. Councilperson Ockerman withdrew his motion and Councilperson Mehig withdrew his second.

7:31 P.M. PUBLIC HEARING TO SET MILLAGE RATE (TRUTH IN TAXATION): Bayless moved, Ockerman seconded to leave the regular session and go into a public hearing to set millage rate (Truth in Taxation).

Roll call vote:

Yes: Mehig, Bayless, Runyan, Dumond, Hornus, Ockerman.

No: None.

Motion CARRIED Time was 8:03 p.m.

Mr. Sawyer explained the millage rates for the upcoming year and advised the city's tax rate went down. Dumond moved, Bayless seconded to leave the public hearing and return to regular session.

Roll call vote:

Yes: Dumond, Hornus, Ockerman, Mehig, Runyan, Bayless.

No: None.

Motion CARRIED Time was 8:05 p.m.

Mr. Sawyer advised the proposed resolution would adopt both the budget and the millage rate. Mayor Billis praised the city council and the city manager for the budget. He commended the city manager on the amount of time and effort he put into preparing the budget. Ockerman moved, Mehig seconded to adopt the 2001/2002 budget in the amount of \$1,680,957 as presented in the following resolution:

MOTION TO ADOPT THE BUDGET

WHEREAS, The City Charter of the City of Corunna states that "Not later than the third Monday in May the Council shall, by resolution, adopt the budget for the next fiscal year and shall in such resolution appropriate the money required for such budget and provide for a levy of the amount necessary to be raised by taxes upon real and personal property for municipal purposes...."

NOW THEREFORE BE IT RESOLVED, that the budget for the City fiscal year beginning July 1, 2001 after recommendation by the City Manager and as adopted by the City Council as described in summary as follows:

General Fund		<u>REVENUES</u>	<u>EXPENDITURES</u>
		\$1,680,957	
<u>Dept. #</u>	<u>Dept. Name</u>		
101	City Council		40,881
172	City Manager's Office		74,771
191	Elections		10,600
203	Internal Services		78,875
210	Legal Assistance		20,000
215	City Clerk's Office		80,733
253	City Treasurer's Office		75,877
265	Municipal Building		45,486
301	Police		414,066
336	Fire		92,369
371	Building – Zoning		14,500
430	Crossing Guard		5,237
441	Public Works		299,683
442	Sidewalk Construction Program		10,000
458	Construction Projects		20,000
460	Historical Commission		9,317
461	Mitchell Fields		8,320
500	Planning Commission		3,950
691	Parks & Recreation		59,712
692	McCurdy Park Community Center		25,500
695	Assessment Review		25,184
696	Activities and Events		10,633
698	Summer Rec. Baseball/Softball		16,261
750	City Services		204,673
954	Insurance and Risk Management		10,828
955	Retiree's Benefits		23,501
TOTAL		\$1,680,957	\$1,680,957

BE IT, the same is hereby adopted, and the amount therein provided as recommended; appropriations are hereby appropriated according to the departmental totals.

BE IT FURTHER RESOLVED, that in order to carry out the provisions of the above described budget, the following tax rate shall be applied to the completed assessment roll with a taxable valuation of 53 million, 410 thousand, 698 dollars as approved by the City of Corunna Board of Review, and as required by Michigan Constitution, and be applied to all properties subject to the Industrial Facilities Taxes which have a complete assessment roll valuation of three million, 133 thousand, 627 dollars at one half the tax rate.

Total City Tax Levy for General Fund Purposes July 1, 2001 = 13.6830 per \$1,000 of Taxable Valuations, subject to all related provisions of the Truth in Taxation and Headlee Amendment.

Total City Debt Tax Levy for City Improvements July 1, 2001 = 4.9720 per \$1,000 of Taxable Valuations, subject to all related provisions of the Truth in Taxation and Headlee Amendment.

BE IT FURTHER RESOLVED, to adopt the following budgets:

INDEPENDENT REVENUE FUNDS

Major Street Fund	202	\$ 264,244
Local Street Fund	203	182,273
Fire Truck Fund	206	1,000
Municipal Building Fund	207	20,000
Parks Improvement Fund	208	49,200
Cemetery Fund	209	33,500
City Improvements Fund	245	271,558
Library Fund	271	80,103
1996 Equalization Facility Bonds Payable Fund	365	44,280
1996 G.O. Limited Tax-Bonds Fund	366	113,069
1998 MTF Bonds Payable	368	19,250
2000 G.O. Limited Tax Bonds	370	84,955
2001 G.O. Limited Tax Bonds	372	42,088
Stu Coutts Recreation Fund	419	7,069
Economic Development	420	250,550
Heritage Park Fund	450	1,000
Library Building Fund	471	800
Library Technology Fund	475	50
Kingsley/McArthur Construction Fund	517	199,323
Streetscape Construction Fund	530	452,793
Bridge Construction	532	235,000
North Shiawassee Construction Fund	534	100,000
Waste Water Collection Fund	590	505,071
Water Fund	591	531,941
Motor Vehicle Pool Fund	661	194,735
Pine Tree Perpetual	711	4,800
Tax Collections Fund	870	2,687,715
Downtown Development Authority		105,053
Fourth of July Commission		25,400
Historical Commission		27,500
Softball Commission		25,850

BE IT FURTHER RESOLVED, that the City Manager as Chief Administrative Officer be allowed to exceed any line item within any specific department or fund including both revenues and expenditures providing that the total end of the year expenditures titled "Total" or "Grand Total" for the department or fund at issue does not exceed the original appropriation, and if the total department or fund appropriation should exceed either of the above prior to such exceeding, the City Council must make a supplemental adjustment to the appropriation.

Roll call vote:

Yes: Ockerman, Dumond, Hornus, Runyan, Bayless, Mehigh.

No: None.

Motion CARRIED

MANAGER'S REPORT: Mr. Sawyer advised council he would not be in the office on Tuesday.

Councilperson Ockerman stated the job Mr. Sawyer has done is exemplary. Mr. Sawyer has outlined and defined the budget with line items that could be understood by a layman. Councilperson Ockerman further stated the city had a hell of a mess, and Mr. Sawyer has done such a job of this budget that everything now makes sense so whoever sits on the council will not be overwhelmed when they look at the financial statement. Councilperson Ockerman also stated he cannot tell the audience how important it is to understand the budget and that was not the case before. This guy is terrific and the job he has done is just outstanding. Mr. Sawyer stated he would like to offer the floor to Luke Kurrle. He further stated Mr. Kurrle is doing a fine job at breathing life back into the summer baseball/softball program. Mr. Sawyer also stated the equipment problems Mr. Kurrle is having would be fixed at the next meeting with the budget amendments. Mr. Kurrle introduced himself and explained his equipment concerns. He advised the equipment has not been kept up, and there are teams that do not have equipment yet. Councilperson Ockerman asked Mr. Kurrle if he had come up a plan to protect the equipment. Mr. Kurrle advised he has kept close tabs on the equipment he has given out this year. Councilperson Ockerman stated it might be a good idea to have the equipment under lock and key. Mr. Kurrle stated he would like to have a room or some sort of building that could be his own. Councilperson Ockerman stated Janet Washburn might be able to address that issue. Ms. Washburn advised she has not had time to meet with Mr. Kurrle on this issue because it was only discussed last Saturday. She further advised Mr. Kurrle that he would have a room in the community center that would be secure so no one can get in there. Mr. Kurrle advised the city is running the baseball/softball program but school's fields are used. Since last year, the program has lost one ball field at Elsa Meyer School because the school took some dirt out to put in a parking lot. He further advised he did not know if the issue was brought to council about the school's plan to do that. He also advised the school is planning to put a varsity soccer field where the city's t-ball field is located. Mayor Billis asked if the school took some dirt out. Mr. Kurrle advised yes, the city uses one of the fields for the junior pony teams, but when the school put in the parking lot, the school put dirt on the other two fields. If the school had not done that, the city could possibly have used the field on a smaller scale. He further advised now the city has lost that field and is in danger of losing another field next year. He also advised he was concerned about the school doing this without the city's knowledge. The program could be in a big jam next year if the fields cannot be used, and he does not know what can be done to communicate this with the school, but he felt this should be a priority. Mr. Kurrle stated this is a problem that he has seen first hand and if something is not done, the program will be in danger of losing kids in the future. Mayor Billis asked how much Mr. Kurrle was being paid. Mr. Kurrle advised \$10.00 per hour. Mayor Billis stated it sounded like Mr. Kurrle was doing one heck of a job. He further stated he appreciated Mr. Kurrle's input and encouraged him to work with Mr. Sawyer and with Ms. Washburn.

CONSIDER ACTION ON FINANCIAL CONSULTING AGREEMENT WITH FIRST OF

MICHIGAN FOR STREETSCAPE BONDING: Mr. Sawyer advised everything is on schedule with the streetscape and if the bonds are sold this fiscal year, the fund deficits will be cleared up. He further advised the financial agreement is for the bond council and the cost is \$4,500 plus \$500 per each issue, which will be funded via the bonds. He also advised the cost is budgeted. Mayor Billis asked if the bonds matured in 10 years. Mr. Sawyer advised yes. Ockerman moved, Mehig seconded to approve the financial consulting agreement with First of Michigan for streetscape bonding with fees to be paid from the bond sale proceeds in the amount of \$4,500 plus \$500 per each issue for 10 years. Roll call vote:

Yes: Bayless, Runyan, Mehig, Ockerman, Dumond, Hornus.

No: None.

Motion CARRIED

CONSIDER ACTION ON ADOPTION OF STREETSCAPE BOND RESOLUTION: Mr. Sawyer advised the resolution gives authorization to sell the bonds. He further advised he was asking council to approve the streetscape bond resolution in the amount of \$490,000 for general obligation limited tax public improvement series 2001 bonds. Ockerman moved, Dumond seconded to adopt the following resolution to sell general obligation limited tax public improvement series 2001 bonds in the amount of \$490,000 in a 10 year amortization:

**CITY OF CORUNNA
(Shiawassee County, Michigan)**

BOND RESOLUTION

to issue \$490,000

GENERAL OBLIGATION LIMITED TAX PUBLIC IMPROVEMENT BONDS,

SERIES 2001

**CITY OF CORUNNA
(Shiawassee County, Michigan)**

**RESOLUTION TO AUTHORIZE ISSUANCE OF
GENERAL OBLIGATION LIMITED TAX
PUBLIC IMPROVEMENT BONDS, SERIES 2001**

WHEREAS, pursuant to Section 6.28 of the Charter of the City of Corunna (the "City") and the Home Rule Cities Act, being Act No. 279 of the Public Acts of Michigan of 1909, as amended (the "Act"), the City has the authority to issue bonds, supported by the City's limited tax, full faith and credit, general obligation, to make public improvements to the City's water supply system, sanitary sewer system, storm sewer system, and street system (the "Public Improvements"); and

WHEREAS, the City desires to make the Public Improvements to enable the City to provide more efficient and better quality public services to City residents; and

WHEREAS, at an election held on April 8, 1996, the following proposal was approved:

Shall the City of Corunna (Shiawassee County, Michigan) levy up to five (5) mills (\$5 per 1,000 SEV) for a period of twenty (20) years for the purpose of acquiring and constructing additions and improvements to the City's water supply system, sanitary sewer system, storm sewer system, and street system. Five (5) mills will produce approximately \$175,000 in 1996.

WHEREAS, the costs of the Public Improvements are estimated to be approximately One Million Three Hundred Twenty Four Thousand Six Hundred Fifty Dollars (\$1,324,650), of which Eight Hundred Thirty Four Thousand Six Hundred Fifty Dollars (\$834,650) will be proceeds of a grant received by the City from the Michigan Department of Transportation, and Four Hundred Ninety Thousand Dollars (\$490,000) will be proceeds of general obligation limited tax public improvement bonds to be issued by the City and repaid from the taxes generated by the approved millage; and

WHEREAS, to finance the City's portion of the cost of the Public Improvements the City deems it necessary to borrow the sum of Four Hundred Ninety Thousand Dollars (\$490,000) and to issue its General Obligation Limited Tax Public Improvement Bonds, Series 2001, therefore.

IT IS HEREBY RESOLVED:

Definitions. Whenever used in this Bond Resolution or in the Bonds to be issued hereunder, except when otherwise indicated by the context, the following definitions shall apply:

"Bonds" means the City's General Obligation Limited Tax Public Improvement Bonds, Series 2001, authorized and issued pursuant to Section 6.28 of the City Charter, the Act and this Bond Resolution.

"Bond Resolution" means this Resolution and all amendments to this Resolution.

"City" means the City of Corunna, Shiawassee County, Michigan.

"City Council" means the legislative and governing body of the City.

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

"Public Improvements" means the improvements authorized to be undertaken pursuant to this Bond Resolution.

Necessity; Estimated Cost; Period of Usefulness. It is necessary for the public health, safety and welfare of the City to undertake the Public Improvements and to issue bonds of the City to finance a portion of the cost of construction of the Public Improvements; the total estimated cost of which is \$1,324,650. The period of usefulness of the Project is estimated to be not less than twenty (20) years.

Issuance of Bonds; Tax Pledge. To defray a portion of the cost of the Public Improvements, including legal, engineering, financial and other expenses, the City shall issue its bonds known as General Obligation Limited Tax Public Improvement Bonds, Series 2001, in the aggregate principal sum of Four Hundred Ninety Thousand Dollars (\$490,000) (the "Bonds"). The balance of the cost of the Public Improvements shall be paid by grant funds received by the City.

The City hereby pledges its limited tax, full faith and credit, general obligation for the prompt payment of the principal of and interest on the Bonds as and when due. Unless the City has sufficient funds on hand, the City shall annually levy a tax on all taxable property in the City for the prompt payment of principal of and interest on the Bonds, which tax shall be limited as to rate and amount by applicable charter, constitutional and statutory limitations on the taxing power of the City. The pledge by the City shall be a first lien on the budget of the City in the event of insufficient moneys.

Bond Terms. The Bonds shall be issued only in fully registered form as to both principal and interest, of the denomination of \$5,000 each, or any whole multiple thereof (except if the Bonds are issued in book entry only form as hereinafter provided); however, no Bond may include principal maturing in more than one year. The Bonds shall be dated June 1, 2001, shall be numbered consecutively in order of registration, and shall be payable serially on November 1 of each year as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2001	20,000	2006	45,000
2002	30,000	2007	55,000
2003	30,000	2008	70,000
2004	30,000	2009	80,000
2005	40,000	2010	90,000

The Bonds shall bear interest at a rate or rates not exceeding seven percent (7.0%) per annum, payable semiannually on November 1 and May 1 of each year, commencing November 1, 2001.

Payment of Principal and Interest: Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America to the person appearing on the Bond registration books as the registered owner thereof. Payment of principal on the Bonds shall be made at the principal office of the Paying Agent, upon surrender of the Bonds. Payment of interest on the Bonds shall be paid to the registered owner at the address as it appears on the registration books.

Prior Redemption. The Bonds shall not be subject to redemption prior to maturity.

Book Entry Eligible: At the option of the initial purchaser of the Bonds, the Bonds will be issued in book-entry only form as one fully registered bond per maturity and will be registered in the name of Cede & Co., as bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York; if this option is selected, DTC will act as securities depository for the Bonds, purchase of the Bonds will be made in book-entry only form, in the denomination of \$5,000 or any integral multiple thereof, and purchasers will not receive certificates representing their interest in Bonds purchased.

Paying Agent and Transfer: The City shall, from time to time, designate and appoint a Paying Agent, which shall also act as transfer agent and bond registrar. In the event of a change in Paying Agent, notice shall be given in writing, by certified mail, to each Registered Owner not less than sixty (60) days prior to the next interest payment date.

The Paying Agent shall keep the official books for the recordation of the Registered Owners of the Bonds. If the Bonds are held in book-entry-only form, then the Bonds shall be transferred in accordance with the procedures established by DTC. In the event the bonds are not held in book-entry-only form, the following provisions would apply to the Bonds. Bonds may be transferred only by submitting the same, together with a satisfactory instrument of transfer signed by the Registered Owner or his legal representative duly authorized in writing, to the Paying Agent, after which a new Bond or Bonds shall be issued by the Paying Agent to the transferee (new registered owner) in denominations of \$5,000 or any integral multiple thereof, in the same aggregate principal amount as the Bonds submitted for transfer. No transfer of Bonds shall be valid unless and until recorded on the bond registration books in accordance with the foregoing. The person in whose name any bond is registered may for all purposes, notwithstanding any notice to the contrary, be deemed and treated by the City and the Paying Agent as the absolute owner, and any payment of principal and interest on any Bond to the registered holder shall constitute a valid discharge of the City's liability upon such Bond to the extent of such payment. No Bond shall be transferred less than fifteen (15) days prior to an interest payment date.

Tax Exemption: The Bonds provided for in this Bond Resolution are authorized by the Constitution and the Statutes of the state of Michigan, and the City Charter, and are exempt from any and all taxation whatsoever by the state of Michigan or by any taxing authority with the State.

Execution. The Mayor or Mayor Pro-Tem, and the City Clerk or Deputy Clerk are hereby authorized and directed to sign the Bonds, either manually or by facsimile signature, on behalf of the City. Upon execution, the Bonds shall be delivered to the purchaser, upon payment of the purchase price in accordance with the accepted bid, plus accrued interest on the Bonds to the date of delivery.

Bond Form. The Bonds shall be substantially in the form attached as Exhibit A, and incorporated in this Bond Resolution.

Bond Payment Fund. There shall be established and maintained on the books of the City kept by the Treasurer, a fund for the Bonds designated "2001 General Obligation Bonds, Bond Payment Fund" (the "Bond Payment Fund"). Into the Bond Payment Fund, there shall be placed the accrued interest, premium, if any, and capitalized interest, if any, received at the time of delivery of the Bonds. Moneys in the Bond Payment Fund shall be expended solely for payment of principal of and interest on the Bonds. The City shall budget annually a sufficient amount to pay the annual principal of and interest on the Bonds. The obligation of the City to pay the principal of and interest on the Bonds will be a first budget obligation. The City hereby pledges to budget and set aside each year from the first collection of taxes not limited by law to other purposes, a sum sufficient to pay the principal of and interest on the Bonds coming due prior to

the next collection of taxes. The balance in the Bond Payment Fund shall be depleted annually, following the payment of principal of and interest on the Bonds on November 1 of each year, such that the balance therein shall not exceed the greater of (i) one year's investment earnings on the Bond Payment Fund; or (ii) one-twelfth of annual debt service.

Construction Fund. Prior to delivery and sale of the Bonds, there shall be established and maintained on the books of the City kept by the Treasurer a separate account designated the "2001 General Obligation Bond, Construction Fund" (the "Construction Fund"). The Construction Fund shall be maintained at a bank designated by the City. After deducting a sum equal to the amount of any (i) accrued interest from the date of the Bonds to the date of delivery thereof, (ii) premium, if any and (iii) capitalized interest, if any, which sums shall be deposited in the Bond Payment Fund in accordance with Section 11 of this Bond Resolution, the balance of the proceeds of the Bonds shall be deposited into the Construction Fund. The moneys on deposit in the Construction Fund from time to time shall be used solely for the purpose for which the Bonds were issued. Any unexpended balance shall be used for such purposes as allowed by law. After completion of the Project and disposition of remaining bond proceeds, if any, pursuant to the provisions of this Section, the Construction Fund shall be closed.

Investment of Funds. Moneys in the separate funds may be invested in obligations of the United States of America, subject to limitations imposed by arbitrage regulations and Section 148 of the Code. Income received from the investment of such funds shall be credited to the related fund, to the extent such credit would not cause the Bonds to be treated as arbitrage bonds within the meaning of the Code.

Internal Revenue Code of 1986. The City has consulted with its attorney and understands that the Internal Revenue Code of 1986, as amended, contains certain requirements on (i) the expenditure of proceeds from the sale of the Bonds, (ii) the investment of the proceeds from the issuance of the Bonds and (iii) the rebate of interest earned on the investment of the proceeds of the Bonds under certain circumstances. The City hereby covenants to comply with such requirements.

Qualified Tax-Exempt Obligations. The City does not reasonably anticipate that the amount of qualified tax-exempt obligations (other than private activity bonds), which will be issued by the City during the calendar year 2001, will exceed Five Million Dollars (\$5,000,000). The City hereby designates the \$490,000 General Obligation Limited Tax Public Improvement Bonds, Series 2001, as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986 (the "Code"), as amended. The Bonds are not private activity bonds as defined in Section 141 of the Code.

Sale of Bonds. Upon receipt of an Order of Exception from prior approval or upon receipt of an Order of Approval, unless the Bonds are authorized by law to be sold at private sale, the City Clerk shall cause an Official Notice of Sale, in substantially the form attached as Exhibit B, to be published in a publication printed in the English language and circulated in this state, which carries as a part of its regular service the notice of sale of municipal bonds which has been approved by the Department of Treasury, at least seven (7) full days before the date fixed for

the sale of the Bonds. The City Clerk may, but is not required to, also publish the Official Notice of Sale in a newspaper of general circulation in the City. The Bonds shall bear interest at a rate not exceeding seven percent (7.0%) and sold at a discount of not exceeding one and one-half percent (1.5%).

Conflict. All resolutions and parts of resolutions insofar as they conflict with the provisions of this Bond Resolution are hereby rescinded.

EXHIBIT A

(Form of Bond)

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF SHIAWASSEE
CITY OF CORUNNA

General Obligation Limited Tax Public Improvement Bond, Series 2001

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Date of Original Issue</u> June 4, 2001	<u>CUSIP No.</u>
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Registered Owner:

Principal Amount:

The City of Corunna, County of Shiawassee, State of Michigan, acknowledges itself indebted and, for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Date of Maturity specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on November 1, 2001, and semiannually thereafter on the first day of May and November of each year.

This Bond is one of a total authorized issue of bonds of even date and like tenor except as to date of maturity and rate of interest, numbered in order of registration, aggregating the principal sum of \$490,000, issued in accordance with the provisions of Section 6.28 of the Charter of the City, Act 279 of the Public Acts of Michigan of 1909, as amended, and a resolution adopted by the City Council on May 21, 2001, for the purpose of paying part of the cost of public improvements to the City Water Supply System, Sanitary Sewer System, Storm Sewer System and Street System.

Principal of this Bond is payable at the principal office of _____ in _____, Michigan, or such other Paying Agent as the City may hereafter designate (the "Paying Agent") by notice mailed to the Registered Owner not less than sixty (60) days prior to the next interest payment date. Interest on this Bond is payable to the Registered Owner of record as of the fifteenth (15th) day of the month preceding the payment date as shown on the registration books of the City maintained by the Transfer Agent, by check or draft mailed to the Registered Owner at the registered address.

The City has pledged its limited tax, full faith, credit and resources for the prompt payment of the principal of and interest on the Bonds, in which event the City may levy a tax on all taxable property in the City for the payment of principal and interest on the Bonds, which tax shall be limited as to rate and amount by applicable charter, constitutional and statutory limitations on the taxing power of the City.

The Bonds are not subject to redemption prior to maturity.

This Bond shall be registered in the name of the Registered Owner on the registration books of the City kept by the Paying Agent. As long as this Bond is held in book-entry-only form and registered in the name of Cede & Co., as bondholder and nominee for the Depository Trust Company ("DTC"), the Bond shall be transferred in accordance with the procedures established by DTC. In the event this Bond is not held in book-entry-only form, this Bond is exchangeable at the request of the Registered Owner, in person or by his/her attorney duly authorized in writing, at the office of the Paying Agent, but only in the manner, subject to the limitations and at the Owner's sole expense, for other bonds of an equal aggregate amount, upon surrender of the Bond to the Paying Agent. Upon such transfer, a new registered bond or bonds of the same series and the same maturity will be issued to the transferee in exchange therefor. No transfer will be valid unless made upon the registration books.

The City had designated the Bonds of this series as "qualified tax exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

It is hereby certified and recited that all acts, conditions and things required by law, precedent to and in the issuance of this Bond, exist and have been done and performed in regular and due time and form as required by law and that the total indebtedness of the City of Corunna, including this Bond, does not exceed any constitutional, statutory or charter limitation.

IN WITNESS WHEREOF, the City of Corunna, County of Shiawassee, State of Michigan, by its City Council, has caused this Bond to be signed, by the manual or facsimile signature, as the case may be, of the Mayor and the City Clerk, in the name of the City, all as of June 1, 2001.

CERTIFICATE OF REGISTRATION AND AUTHENTICATION

This Bond is one of the \$490,000 City of Corunna General Obligation Limited Tax Public Improvement Bonds, Series 2001, and has been registered in the name of the Registered Owner designated on the face thereof in the bond register maintained for the City of Corunna.

WRONGFUL USE OF CERTIFICATE

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

-OR-

TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ (Tax Identification or Social Security No. _____) within Bond and all rights thereunder, and hereby constitutes and appoints attorney to transfer the within Bond on the books kept for registration thereof by the Transfer Agent, with full power of substitution in the premises.

Dated: _____

Notice: The signature to this assignment must correspond with the name as it appears on the registration books in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B

OFFICIAL NOTICE OF SALE

\$490,000

CITY OF CORUNNA

(County of Shiawassee, Michigan)

GENERAL OBLIGATION LIMITED TAX PUBLIC IMPROVEMENT BONDS, SERIES 2001

SEALED BIDS for the purchase of the above Bonds will be received by the undersigned at the City Hall located at 402 North Shiawassee Street, Corunna, Michigan 48817, on the 4th day of June, 2001, until 3:00 p.m., Eastern Daylight time, at which time and place said bids will be publicly opened and read.

IN THE ALTERNATIVE sealed bids will also be received on the same date and until the same time by an agent of the undersigned at the Municipal Advisory Council of Michigan, 1445 First National Building, Detroit, Michigan 48226, where they will simultaneously be opened and read. Bidders may choose either location to present bids and good faith checks as above

provided, but not both locations. The Bonds shall be awarded to the successful bidder by the City Council, at a session to be held later on that same day.

BOND DETAILS: The Bonds will be fully registered Bonds of the denomination of \$5,000 each or any whole multiple thereof, provided that no Bond may include principal maturing in more than one year, dated as of June 1, 2001, numbered in order of registration, and will bear interest from their date payable on November 1, 2001, and semiannually thereafter.

The Bonds will mature on the first day of November in each year as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2001	20,000	2006	45,000
2002	30,000	2007	55,000
2003	30,000	2008	70,000
2004	30,000	2009	80,000
2005	40,000	2010	90,000

PRIOR REDEMPTION: Bonds shall not be subject to redemption prior to maturity.

BOOK ENTRY ELIGIBLE: At the option of the initial purchaser of the Bonds, the Bonds may be issued in book-entry only form as one fully registered bond per maturity and will be registered in the name of Cede & Co., as bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York; if this option is selected, DTC will act as securities depository for the Bonds, purchase of the Bonds will be made in book-entry only form, in the denomination of \$5,000 or any integral multiple thereof, and purchasers will not receive certificates representing their interest in Bonds purchased.

INTEREST RATE AND BIDDING DETAILS: The Bonds shall bear interest at a rate or rates not exceeding seven percent (7.0%) per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/20 of one percent (1.0%), or both. The interest on any one Bond shall be at one rate only and all Bonds maturing in any one year must carry the same interest rate. The difference between the highest and lowest interest rate on the Bonds shall not exceed three percentage points. No proposal for the purchase of less than all of the Bonds or at a price less than ninety-eight and one-half percent (98.5%) of their par value or at a price which will cause the net interest rate to exceed seven percent (7.0%) per annum will be considered. The interest rate borne by Bonds maturing after November 1, 2001 must be equal to or greater than the interest rate borne by Bonds maturing in the respective preceding year.

PURPOSE AND SECURITY: The General Obligation Limited Tax Public Improvement Bonds are issued pursuant to Section 6.28 of the City Charter and a resolution duly adopted by the City Council on May 21, 2001, for the purpose of paying the cost of the City's share of certain public improvements to the water supply system, sanitary sewer system, storm sewer system and street system in the City.

The Bonds are payable as a first budget obligation from the general fund of the City, and payable from ad valorem taxes subject to applicable charter, statutory and constitutional tax

limitations. The City has pledged to budget and set aside each year, from the first collection of taxes not limited by law to other purposes, a sum sufficient to pay the principal of and interest on all the Bonds coming due prior to the next collection of taxes.

THE CITY HAS PLEDGED ITS LIMITED TAX, FULL FAITH, CREDIT AND RESOURCES FOR THE PROMPT PAYMENT OF THE PRINCIPAL OF AND INTEREST ON ALL THE BONDS, IN WHICH EVENT THE CITY MAY LEVY A TAX ON ALL TAXABLE PROPERTY IN THE CITY FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON THE BONDS, LIMITED AS TO RATE AND AMOUNT BY APPLICABLE CHARTER, CONSTITUTIONAL AND STATUTORY LIMITATIONS ON THE TAXING POWER OF THE CITY.

GOOD FAITH: A certified or cashier's check drawn upon an incorporated bank or trust company or a Financial Surety Bond, in the amount of Nine Thousand Eight Hundred Dollars (\$9,800), and payable to the order of the City is required for each bid as a guarantee of good faith on the part of the bidder, to be forfeited as liquidated damages if such bid be accepted and the bidder fails to take up and pay for the bonds. If a check is used, it must accompany each bid. If a Financial Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of Michigan and such bond must be submitted to the City prior to the opening of the bids. The Financial Surety Bond must identify each bidder whose good faith deposit is guaranteed by such Financial Surety Bond. If the bonds are awarded to a bidder utilizing a Financial Surety Bond, then the purchaser is required to submit its good faith deposit to the City in the form of a cashier's check (or wire transfer such amount as instructed by the City or its financial advisor) not later than Noon, Eastern Daylight Time, on the next business day following the award. If such good faith deposit is not received by that time, the Financial Surety Bond may be drawn by the City to satisfy the good faith deposit requirement. The good faith deposit will be applied to the purchase price of the Bonds. In the event the purchaser fails to honor its accepted bid, the good faith deposit will be retained by the City. No interest shall be allowed on the good faith check, and checks of the unsuccessful bidders will be returned to each bidder's representative or by overnight service. The good faith check of the successful bidder will be cashed and payment of the balance of the purchase price of the Bonds shall be made at the closing.

AWARD OF BONDS: The Bonds will be awarded to the bidder whose bid produces the lowest interest cost computed by determining, at the rate or rates specified in the bid, the total dollar value of all interest on the Bonds from July 1, 2001, to their maturity and deducting therefrom any premium.

PAYING AGENT AND REGISTRATION: Principal (November 1) and interest shall be payable at _____, Michigan, as Paying Agent (which shall also act as transfer agent and bond registrar) or such other Paying Agent qualified to act in such capacity as the City may hereafter designate by notice in writing given by certified mail to the Registered Owner not less than 60 days prior to the next interest payment date. Interest shall be paid when due by check mailed to the Registered Owner as shown by the registration books of the City as of the 15th day of the month preceding the interest payment date. The Bonds will be transferable only upon the registration books of the City kept by the Paying Agent. The first interest payment will be November 1, 2001.

LEGAL OPINION: Bids shall be conditioned upon the unqualified approving opinion of Law, Weathers & Richardson, P.C., attorneys of Grand Rapids, Michigan, a copy of which opinion will be furnished without expense to the purchaser of the Bonds at the delivery thereof. The fees of Law, Weathers & Richardson, P.C. for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds, Law, Weathers & Richardson, P.C. has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

TAX-EXEMPTION: In the opinion of bond counsel, the interest on the Bonds will be exempt from taxation in the State of Michigan and from Federal income tax, subject, in both cases, to certain exceptions described in the opinion of bond counsel. The Bonds will not be private activity bonds. The City has covenanted to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code") regarding (i) expenditure of Bond proceeds, (ii) investment of Bond proceeds and (iii) rebate of interest earned on investment of Bond proceeds.

CERTIFICATION: Upon the delivery of the bonds, the successful bidder will be required to furnish a certificate, in form acceptable to bond counsel, as to the "issue price" of the bonds within the meaning of Section 1273 of the Code of 1986, as amended.

QUALIFIED TAX EXEMPT OBLIGATION: The City has designated the bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B) of the Code for purposes of deduction of interest by financial institutions.

DELIVERY OF BONDS: The City of Corunna will furnish the Bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser at such place as may be agreed upon. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Bonds, will be delivered at the time of the delivery of the Bonds. If the Bonds are not tendered for delivery by twelve o'clock noon, local time, on the 45th day following the date of sale, or the first business day thereafter if the 45th day is not a business day, the successful bidder may on that day, or any time thereafter until delivery of the Bonds, withdraw its proposal by serving notice of cancellation, in writing, on the undersigned in which event the City Treasurer shall promptly return the good faith deposit. Payment for the Bonds shall be made in Federal Reserve Funds. Accrued interest to the date of delivery of the Bonds shall be paid by the purchaser at the time of delivery.

CUSIP: It is anticipated that CUSIP identification numbers will be printed on said Bonds, but neither the failure to print such numbers on any Bonds or any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for said Bonds in accordance with the terms of the bid therefor. All expenses in relation to the printing of CUSIP numbers on said Bonds shall be paid for by the City, however the purchaser shall pay for the services of the CUSIP Service Bureau.

NO OFFICIAL STATEMENT: The City will not prepare an Official Statement in connection with the sale or issuance of the Bonds.

CONTINUING DISCLOSURE: Because the aggregate principal amount of the Bonds is less than \$1,000,000, the City will not undertake to provide continuing disclosure with respect to the Bonds.

FINANCIAL CONSULTANT: Further information with respect to the Bonds may be obtained from First of Michigan, Division of Fahnestock & Co. Inc., Financial Consultant to the City, by contacting the Public Finance Department, 300 River Place, Suite 4000, Detroit, Michigan 48207, Telephone (313) 259-2600.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

ENVELOPES containing the bids should be plainly marked "Proposal for City of Corunna General Obligation Limited Tax Public Improvement Bonds."

Roll call vote:

Yes: Runyan, Ockerman, Bayless, Hornus, Mehig, Dumond.

No: None.

Motion CARRIED

CONSIDER ACTION ON APPROVAL OF MDOT CONTRACT 01-5154 (Kingsley/McArthur

Street Reconstruction): Mr. Sawyer explained contract 01-5154 was for the Kingsley/McArthur Street Reconstruction portion of the construction. He further explained the city would be getting approximately \$350,000 from the small urban grant. Ockerman moved, Dumond seconded to approve MDOT Contract 01-5154 (Kingsley/McArthur Street Reconstruction).

Roll call vote:

Yes: Hornus, Mehig, Dumond, Bayless, Ockerman, Runyan.

No: None.

Motion CARRIED

CONSIDER PROPOSAL FOR OFFICE FURNITURE FROM OPEN PLAN SYSTEMS: Mr.

Sawyer explained the furniture was refurbished and not new. He further explained the previous proposal from last year was approximately \$18,000 to provide furniture for three offices. He also explained the city manager's office would not be done at this time. Mr. Sawyer stated he asked the representative from Open Plan Systems to change the design by adding another computer station in the other corner. He further stated two fire safes were also included. He also stated the city clerk's office would cost \$2,300. Ockerman moved, Hornus seconded to approve the purchase of office furniture for plan A3 and A4 from Open Plan Systems in the amount of \$10,661.60.

Roll call vote:

Yes: Mehig, Bayless, Runyan, Dumond, Hornus, Ockerman.

No: None.

Motion CARRIED

CONSIDER PURCHASE OF DIGITAL CAMERA FOR POLICE DEPARTMENT: Mr. Sawyer

stated the police department spends quite a bit of money on film development, and the purchase of the camera should save the city money. Ockerman moved, Mehig seconded to

approve the purchase of a digital camera, case, disks and battery for the police department in an amount not to exceed \$700.00.

Roll call vote:

Yes: Dumond, Hornus, Ockerman, Mehig, Runyan, Bayless.

No: None.

Motion CARRIED

DISCUSSION ON CLOSING SHIAWASSEE STREET/CORUNNA AVENUE INTERSECTION:

Mr. Sawyer advised Zito Construction would like to close the Shiawassee Street/Corunna Avenue intersection from August 6 to August 25 in order to install the water line. He further advised the Michigan Department of Transportation has indicated that they are willing to work with the city on other issues the city has an interest in. He also advised the county fair would be held during the intersection closure, and he did not know what kind of difficulty the closure might cause. Tom Gray, Michigan Department of Transportation, stated he felt Zito Construction's request was legitimate. He further stated Zito Construction had some safety concerns while rebuilding the road under traffic at this intersection and would like traffic detoured to Norton Street during the construction. Councilperson Ockerman stated if the truck traffic is detoured for any length of time then the city has some real concerns about the adverse effects on that street. He asked when he needed an answer. Mr. Gray advised at least a month. Councilperson Ockerman suggested delaying a decision for a month to give the city officials a chance to work with the contractor. Mr. Gray advised that was fine. He further advised any damage to the streets would be repaired.

DISCUSSION ON SMALL URBAN MAJOR STREET GRANT FOR 2004: Mr. Sawyer explained

the small urban major street grant for 2004 was for \$375,000. He further explained the city shares grant program with the City of Owosso every other year. The City of Corunna does not have any guarantees that it will receive the grant every year. He also explained there would be a public hearing on how the grant will be utilized at the road commission on May 31, 2001 at 10:00 a.m. Mayor Billis asked what determines a major street from a secondary street. Mr. Sawyer advised he did not have an answer to that question.

PARKS AND RECREATION DIRECTOR: Janet Washburn stated she prepared a code of conduct for the summer baseball/softball program, but she was not going to require anyone to sign it this year. She further stated she contacted Sandy Yerian and got a copy of the streetlight specifications that will be installed during the streetscape. She also stated she contacted the person who ordered the streetlights for the city, and the cost for an aluminum lamp is \$870 and polymer lamp is \$650. Ms. Washburn advised she was told the paint on the aluminum lamp can chip but the paint on the polymer lamp would not have to be repainted. She further advised she was told the lamps could be added to the order that has already been placed. Councilperson Ockerman stated the cost of the lamp was cheaper than what he thought it would cost. Ms. Washburn also advised she contacted the Department of Environmental Quality and was told the city has been in default on the grant the city received for about four years. She was also told the Department of Environmental Quality will be waiting for pictures, which show that the lamps have been installed. Councilperson Ockerman asked how many lamps would be needed. Ms. Washburn advised she felt only three lamps would be needed. Ms. Sawyer asked how many lights had been installed in the past. Ms. Washburn advised four. Councilpersons Ockerman and Mehig stated it might be

better to go with four lamps. Ms. Washburn advised the lamps would be very close together. Ockerman moved, Mehigh seconded to purchase six lamps at \$870 each in an amount not to exceed \$5,400.

Roll call vote:

Yes: Ockerman, Dumond, Hornus, Runyan, Bayless, Mehigh.

No: None.

Motion CARRIED

Ms. Washburn showed council a device that goes into the ground that secures a chain, which would be used to chain off the parking areas. She stated she would be taking the device to the Parks and Recreation Commission for approval. She further stated she is planning to go out to the brick plant and see if they have any parking brick and what the parking brick would cost. She also stated there are some serious problems in the park, which she plans to bring to council at a later date. Councilperson Runyan asked if the chain would be removable to allow for mowing. Ms. Washburn advised yes. She further advised there was approximately 175 to 200 people at the concert featuring the Clarksons. She also advised she would like to order two grills for the north side of Stu Coutts Pavilion. Ms. Washburn stated she would like an electrical audit done in McCurdy Park in order to see what the park needs. It has come to her attention that fuses are being blown in the park especially when there are a lot of people in the park. She further stated there used to be electrical panels in the park that were used by the county fair. The fair board was given free use of the park in exchange for the electrical panels, but when the county fair left, they took the electrical panels with them. She also stated the trailer rally would need electricity, and she was not sure the park has enough electricity for them. Ms. Washburn advised the park has a serious problem on June 9 and 10. The trailer rally will be in the park that weekend, and the Curwood Festival has their raft race on Sunday morning. She further advised the raft race participants usually fill the park and she does not how everything will be managed. She has notified the police chief about the traffic problems that is expected for that weekend. She also advised if Mr. Johnson would have called her, she could have talked to him about the park situation. She stated she would call him to find out how much dirt Mr. Johnson needs to take care of that problem.

CALL TO AUDIENCE: Gene Sanderson advised the Michigan Department of Transportation has stated they will pay for street damages if the traffic is re-routed to Norton Street. He asked if the Michigan Department of Transportation intends to repair the railroad tracks on South Shiawassee Street. Mr. Sawyer advised he would take photographs of the railroad tracks. Mr. Sanderson asked if anyone thought about having a fundraiser to raise funds for the equipment.

Bus Spaniola stated after working three and one-half years on the city charter, council approved the purchase of a camera and office furniture and asked if bids were taken. Councilperson Ockerman advised yes. Mr. Sawyer asked what the dollar limit was for bids. Mr. Spaniola advised \$500.00. Mr. Sawyer asked if the charter commission was changing the dollar amount, and if not, the issue should be sent back to the commission. Mr. Spaniola advised no, the commission decided to leave the dollar amount at \$500.00. Mayor Billis stated the city needs to act according to the city charter, but it is truly a pain. He further stated council has done a good job of establishing guidelines regarding purchasing with council being in control of that. Mr. Sawyer advised the city charter requires the city to

have a purchasing agent. Mr. Spaniola asked if bids were obtained for the office furniture. Councilperson Ockerman stated he brought other information in for comparison, but if what was done conflicts with the charter then he did not agree with that. Bill Striggow stated bringing in information does not create a formal bid. Councilperson Ockerman stated there have been many items that the city did receive bids on. Mr. Striggow asked where the items were advertised if they were not advertised in the paper. Councilperson Bayless advised bids were received for the patrol cars and lawn tractor. Councilperson Ockerman stated the bids are opened before the city council gets them. Mr. Sawyer stated if advertising for a formal bid is required for everything over \$500 then the city might as well stop being a city because the city cannot afford the costs. The city spends over \$1,000 per year on advertising. Mayor Billis stated he heard Mr. Sawyer, but it was not up to the city council to do anything other than what the charter says. Mr. Striggow advised \$500.00 was a lot of money 30 years ago. Councilperson Runyan stated over a year ago the city council was asked if a formal bid should be a sealed bid, and council voted no because there have been bids faxed to the city hall office. He further stated anybody could walk through the office and see the bid. He also stated he felt anything over \$2,500 should be a sealed bid. Councilperson Runyan advised council can designate someone in the office to be the purchasing agent, but an ordinance is needed.

Sam Burwell stated he respected Ms. Washburn's electrical concerns regarding McCurdy Park. He further stated he was an electrician for General Motors but was not a licensed electrician. If the city hires a licensed electrician to do an audit in the park, the city could be opening up a can of worms and should be prepared to spend five figures to fix the problems. He also stated some of the buildings could be condemned. Mr. Burwell advised the city should be careful what it does with the electrical in the park. It is a nightmare down there and suggested doing something with the electrical over a long period of time.

Judy Horton advised the brick plant is not making the crushed red brick right now.

ADJOURN: Hornus moved to adjourn.

Roll call vote:

Yes: Bayless, Runyan, Mehig, Ockerman, Dumond, Hornus.

No: None.

Motion CARRIED Time was 9:45 p.m.

DR. JAMES BILLIS, MAYOR

YVONNE F. LONG, CITY CLERK